



Falls Creek Resort Management Risk Framework

June 2018

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1. Introduction

Management of risk is an integral part of Falls Creek Resort Management (FCRMB) culture, reflected in policies, systems and processes. This includes strategic business planning, performance management and overall governance to ensure sound financial management and efficient service delivery.

FCRMB must consider and implement appropriate risk management strategies, including working with other agencies to manage risk.

A systematic approach to risk management is critical as FCRMB moves to a more sophisticated approach to the development and delivery of services.

The Minister for Finance has issued risk management and insurance standing directions under the *Financial Management Act 1994*. Legislative requirements and Government policies and procedures related to risk management include:

- *Financial Management Act 1994*;
- *Standing Direction of the Minister for Finance 3.7.1– Risk Management Framework and Processes*;
- Victorian Government Risk Management Framework
- Insurance requirements under the *Victorian Managed Insurance Authority Act 1996*;
- *Insurance Management Policy and Guidelines for General Government Sector – September 2007*; and
- *Government Policy and Guidelines: Indemnities and Immunities – June 2008*.

1.1 Purpose

FCRMB will make every effort, where appropriate, to apply the Victorian Government Risk Management Framework (VGRMF) as it describes the minimum risk management requirements needed to be met in order to demonstrate the organisation is managing risk effectively, including inter-agency and state significant risk.

The suggested framework in this document outlines the role and responsibilities of FCRMB's responsible body (refer to Appendix 2 – Definitions).

To comply, FCRMB intends to utilise the VGRMF and thereby adopt the *Australian and New Zealand Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines* for the provision of a generic, internationally accepted basis for best practice risk management.

The VGRMF is mandated by the *Standing Direction of the Minister for Finance (Ministerial Standing Direction) 3.7.1 – Risk Management Framework and Processes*.

FCRMB thereby adopts both the VGRMF and AS/NZSIO 31000:2009 as the guiding principles applied to its Risk Management framework.

1.2 Coverage

Under *Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes*, the VGRMF applies to FCRMB as covered by the *Financial Management Act 1994*.

2. Roles and responsibilities

2.1 Entities with specific roles and responsibilities under the VGRMF

2.1.1 Falls Creek Resort Management Board

FCRMB must fully comply with the requirements of *Ministerial Standing Direction 3.7.1* and is responsible for appropriately identifying, assessing and managing all risks to which the entity is exposed. FCRMB should establish and maintain effective risk governance that includes an appropriate internal management structure and oversight arrangements for managing risk. FCRMB is accountable for the organisations' risk management obligations.

Under section 13 A of the *Public Administration Act 2004*, the department head (Secretary) has responsibilities for advising the DELWP Minister on matters relating to relevant public entities (as defined in the *Public Administration Act 2004*) and for working with and providing guidance to these public entities. Consistent with this role, FCRMB must report appropriately up to the department heads that are expected to advise the portfolio Minister on any significant risks relating to the relevant public entities.

2.1.2 Finance, Risk and Audit committee (FRAC)

Under *Ministerial Standing Direction 3.2.2 – Oversight and Assurance* and *2.2 Financial Governance*, FCRMB must, unless an exemption has been obtained, appoint an audit committee to oversee and advise the public sector agency on matters of accountability and internal control affecting the operations of FCRMB.

In relation to risk management the FCRMB audit committee may:

- consider the FCRMB's risk profile and insurance arrangements;
- review and assess the effectiveness of the FCRMB's risk management framework;
- review, monitor and verify compliance with *Ministerial Standing Direction 3.7.1*; and
- report to the responsible body on the level of compliance attained.

2.1.3 Department of Treasury and Finance

The Department of Treasury and Finance (DTF) advises the Government on policies relating to risk management and insurance. DTF is responsible for maintaining and updating the VGRMF to ensure that it continues to be aligned with best practice. DTF monitors compliance with *Ministerial Standing Direction 3.7.1* through the annual attestation process and provides additional guidance on the DTF website at www.dtf.vic.gov.au.

2.1.4 Victorian Managed Insurance Authority

Under the *Victorian Managed Insurance Authority Act 1996*, VMIA's functions include assisting agencies in establishing programs for the identification, quantification and management of risks and monitoring risk.

VMIA has a support role to play in the implementation of the VGRMF through assisting FCRMB with technical expertise and advice on risk management best practice and standards. VMIA has legislative responsibilities in relation to public sector agencies under the Act, including:

- assisting to establish programs to identify, quantify and manage risks;
- monitoring risk management maturity and capability;
- providing risk management advice and training;
- advising the government on risk management; and
- acting as an insurer.

VMIA guides and supports agencies to apply the VGRMF by providing risk guidelines, training and support, risk maturity assessments and learning and development strategies.

3. Mandatory requirements

3.1 Mandatory requirements

Ministerial Standing Direction 3.7.1– Risk Management Framework and Processes directs that FCRMB must ensure the organisation complies with the mandatory requirements set out in the VGRMF.

To comply with *Ministerial Standing Direction 3.7.1*, FCRMB needs to meet the following mandatory requirements. The responsibility for FCRMB's risk management performance rests primarily with the FCRMB.

Mandatory requirements of the Victorian Government Risk Management Framework

3.1.1 Risk management requirements

FCRMB must be satisfied that:

- The organisation has a risk management framework in place consistent with *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*;
- the risk management framework:
 - *is reviewed annually to ensure it remains current and is enhanced, as required*; and
 - *supports the development of a positive risk culture within FCRMB*.
- the risk management processes are effective in managing risks to a satisfactory level;
- it is clear who is responsible for managing each risk;
- inter-agency risks are addressed and the agency contributes to the management of shared risks across government, as appropriate;
- FCRMB contributes to the identification and management of state significant risks, as appropriate*;
- risk management is incorporated in FCRMB's corporate and business planning processes;
- adequate resources are assigned to risk management; and
- the risk profile of FCRMB has been reviewed within the past 12 months.

3.1.2 Insurance requirements

Where FCRMB is required to insure with VMIA (as defined by the VMIA Act) it must:

- *arrange all its insurance with VMIA unless exempted by the responsible Minister or where VMIA cannot offer insurance for a specific risk*;
- *as part of its annual insurance renewal process*:
 - determine the appropriate level of insurance in consultation with VMIA;
 - maintain a register of all insurance and indemnities and make this available to VMIA on request; and
 - provide information on claims management capability, resources, structures and processes for any self-insured retained losses to VMIA, including the basis for valuation of self-insured retained losses.
- in relation to managing below deductible claims:
 - maintain adequate claims management capability and processes where the agency has opted to manage below deductible claims; and
 - provide required below deductible claims data for self-managed claims to VMIA.

3.2 Attestation requirements

Under *Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes* departments and agencies must provide an annual attestation of compliance.

FCRMB is responsible for the accuracy and completeness of attestation and should utilise audit committees or other internal governance bodies, where available, to support the view expressed.

3.2.1 For the risk management and insurance requirements, FCRMB must:

- conduct an annual review of its compliance with both requirements;
- attest in FCRMB's annual report that it has complied with *Ministerial Standing Direction 3.7.1*, or, if it is partially in compliance, identify areas of non-compliance and remedial actions taken in the attestation; and
- ensure the *Finance, Risk and Audit Committee* reviews and monitors compliance with *Ministerial Standing Direction 4.5.5*, and makes a recommendation to **management** on the level of compliance attained.

3.3 Guidance material in support of the risk management and insurance requirements

The guidance materials below are not mandatory requirements. They serve to provide ways to address the mandatory requirements.

3.3.1 Inter-agency and state significant risks

FCRMB's responsibilities for managing risk extend beyond the effective management of FCRMB specific risks. Arrangements for addressing inter-agency and state significant risks must be part of FCRMB's risk management framework. Collaboration will be necessary for shared risks to be managed effectively.

FCRMB should have an appreciation of the wider risk environment and where risks extend beyond its direct control, cooperate to identify and prioritise risks, develop clear accountabilities for their management and commit to collective solutions and outcomes. Unlike agency specific risks, inter-agency and state significant risks cannot be addressed in isolation by agencies.

Under the mandatory requirements FCRMB must be satisfied that inter-agency risks are addressed and FCRMB contributes to the management of shared risks across government, as appropriate. For inter-agency risk, FCRMB's approach should include:

- identifying current and emerging risks and other agencies/bodies likely to be affected by those risks;
- analysing and evaluating identified risks in consultation with other affected agencies;
- agreeing on a lead agency and relative responsibilities of affected agencies;
- implementing appropriate measures to manage the risks; and
- appropriate monitoring and reporting.

Under the mandatory requirements, FCRMB must be satisfied that it has contributed to the identification and management of state significant risks, as appropriate. For state significant risk, an agency's approach should include:

- identifying current and emerging risks that are of state significance, including those that require a coordinated whole of state response;
- bringing identified state significant risks to the attention of decision makers in a position to assess, prioritise and oversight the management of the identified risk;
- contributing to the management of the risk, as appropriate; and
- appropriate monitoring and reporting.

FCRMB needs to understand and consider the broader business of government and how risks that affect more than one agency can arise. FCRMB and related agencies (*in principle, the ARCC*) are likely to have informal processes at agency and inter-agency level and may also have internal executive forums and committees in place that consider alpine resort, inter-agency and state

significant risk. As such, FCRMB's risk management framework should clearly demonstrate how the agency addresses inter-agency and state significant risks.

If an inter-agency or state significant risk is brought to the attention of FCRMB, then FCRMB is expected to work collaboratively with the identifying agency in analysing and evaluating the risk and to contribute, as appropriate, to the management of the risk.

3.3.2 Insurance as a risk management tool

FCRMB must make best use of its available resources and assets to manage risk and minimise loss to the community and consolidated revenue. Insurance may be used to transfer or manage the risk of financial loss. However, risk may not be transferred in every instance and it may not always be cost beneficial to do so.

The use of insurance needs to be considered in light of:

- the nature of the risk;
- the availability of alternative risk management and risk mitigation strategies;
- the financial consequences of choosing not to insure; and
- the level of loss the agency is able to manage and fund (generally the risk of loss beyond this point would be insured).

The VMIA can provide advice on insurance. Departments or participating bodies must arrange all their insurance with the VMIA unless:

- exempted by the Minister for part or all risks; or
- VMIA has formally declined or cannot offer insurance for a specific risk.

FCRMB must ensure it has the appropriate insurances in place for their specific risk profile.

The level of insurance required should be based on FCRMB's risk profile and tolerance, past claims experience, the availability and cost of insurance. FCRMB is responsible for managing and funding any self-insured and under-deductible losses.

The FCRMB CEO/CFO/Responsible Body should:

- ensure that FCRMB considers all insurable risks and is insured appropriately;
- determine the appropriate level of insurance based on consideration of risk profile;
- ensure that a current register of all insurance and indemnities is maintained;
- ensure that the financial impacts of any indemnities have been adequately assessed and align with FCRMB's identified risk appetite;
- ensure that the valuation and basis for valuation of self-insured retained losses is recorded;
- be satisfied that adequate claims management capability is maintained if/where FCRMB manages below deductible claims; and
- ensure required below deductible claims data is provided to VMIA.

Even if a risk is insured, preventative and mitigating measures should be considered to reduce the probability of occurrence or severity of the outcome of an adverse event, and to provide a cost-benefit analysis of potential actions.

The VMIA has the capacity and expertise to help manage below deductible claims on behalf of the agency. The default position will be for FCRMB to use the VMIA to manage below deductible claims. Where FCRMB elects to self-manage claims, FCRMB should ensure it is appropriately resourced to manage claims effectively.

If the risk is not insurable, then FCRMB's risk management framework should set out an alternative response to address the risk.

Where applicable, FCRMB is required to provide below deductible claims data to the VMIA for self-managed claims greater than \$10,000, related to third party liability and employment liability claims (excluding WorkCover claims). All claims data accessed by FCRMB will be provided to the VMIA annually as part of the insurance attestation process. If and when the VMIA may request

details of other self-managed claims, FCRMB must provide these upon request and in a VMIA prescribed format to ensure reliability and accuracy of data.

Further guidance available to FCRMB CEO/CFO/Responsible Body, tools and templates are available on the VMIA website at www.vmia.vic.gov.au.

3.3.3 Additional guidance and risk management support

The VMIA provides advice to the Victorian public sector and delivers risk management assistance, guidance and training to build risk management capability and maturity across the State. Where FCRMB policy is reviewed, or deemed deficient, upon annual review or Ministerial directive, FCRMB will refer to the VMIA website for contrast and to access VMIA Risk Management Guidelines outlining sound practice in implementing an effective risk management framework and complying with *Ministerial Direction 4.5.5*.

The VMIA website provides other references and information, including:

- upcoming learning and development programs and risk events;
- risk management information and updates;
- risk management tools and templates;
- publications;
- insurance policies; and
- links to other relevant websites.

The VMIA website is at www.vmia.vic.gov.au.

3.3.4 Guidance material in support of attestation requirements

For the purposes of FCRMB attestation, and to ensure compliance with *Ministerial Standing Direction 4.5.5*, FCRMB will use the recommended format, prescribed below:

Sample Attestation

Statutory Authority and other relevant agency

I, (Name – Responsible Body) certify that the (name of agency) has complied with the *Ministerial Standing Direction 3.7.1– Risk Management Framework and Processes*. The (Name of agency) Audit Committee verifies this (if an audit committee is available to verify).

FCRMB may amend the wording of the attestation having regard to their risk profile, risk management maturity and operating context. In the event that FCRMB has only partially complied with the Direction, the attestation must include an explanation of remedial actions to address areas of partial compliance.

4. AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines

FCRMB recognises that the approach to managing risk needs to be appropriate and tailored to the activity, size, complexity and risk profile, relative to other agencies covered by the VGRMF. However, in order to conform to the prescribed approach to risk management FCRMB undertakes to ensure that it is consistent with the *AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines*.

FCRMB undertakes that, where applicable and based on assessed and appropriate evaluation of its risk tolerances, the following risk management principles, framework and processes will be adopted from *AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines*.

4.1 Principles of risk management

The 11 principles of risk management state that risk management:

- creates and protects value;
- is an integral part of the agency's processes;
- is part of decision making processes;
- explicitly addresses uncertainty;
- is systematic, structured and timely;
- is based on the best available information;
- is tailored to the agency;
- takes human and cultural factors into account;
- is transparent and inclusive;
- is dynamic, iterative and responsive to change; and
- facilitates continual improvement of FCRMB¹.

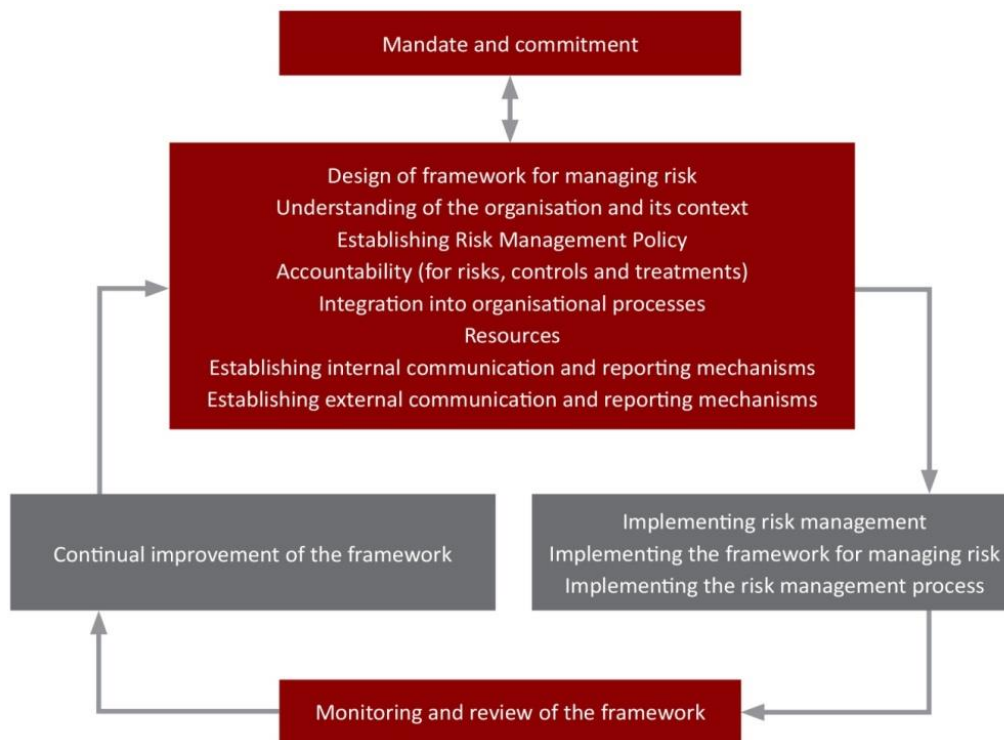
FCRMB may elect, if deemed relevant and based on risk tolerances, to enhance its performance in managing risk can by adopting the following approaches:

- continual improvement in risk management and organisational performance;
- full accountability for risks, controls and risk treatments;
- application of risk management in all decision making, whatever the level of importance and significance;
- continual communication and consultation with stakeholders; and
- full integration of risk management into FCRMB's governance structure².

¹ Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', pp7, 8, clause 3.

² Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', pp22, 23, Annex A.

4.2 Risk management framework



Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', Figure 2, p9.

The key elements of the risk management framework are as follows:

Mandate and commitment – a strong and sustained commitment by management to ensure the ongoing effectiveness of risk management in their organisation. This commitment should support the development of a positive risk culture.

Design of framework for managing risk – a systematic approach in designing a risk management framework that is relevant, effective, efficient and adequate. The framework should include: appropriate risk management strategies, including working with other agencies to manage risk; a risk management policy and plan; effective governance, communication and reporting arrangements; resource requirements; and risk management accountabilities.

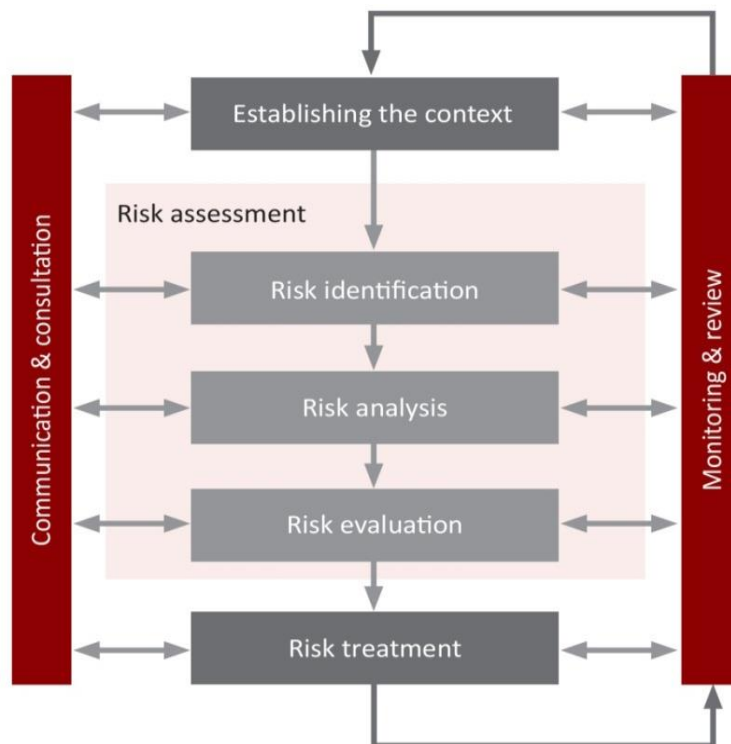
Implementing risk management – The risk management process is applied through a risk management plan at all relevant levels and functions as part of FCRMB practices and processes. Investment in resources and capabilities should enable an organisation to effectively and efficiently apply its risk management activities.

Monitoring and review of the framework – FCRMB, through its executive leadership team will continually ensure that risk management is effective and supports organisational performance. Under the mandatory requirements the risk management framework is to be reviewed annually and enhanced as required.

Continual improvement of the framework – Based on the results of monitoring, reviews, and any independent assurance of risk management controls and practices, decisions can be made on how the risk management framework, policy and plan can be improved³.

³ Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', pp. 8-13, clause 4.

4.3 Risk management process



Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', Figure 3, page 14.

The key elements of a risk management process are as follows:

- *Establish the context* means understanding FCRMB's objectives, defining internal and external factors that could be a source of uncertainty, helping identify risk and setting the scope and risk criteria for the remaining risk management process.
- *Risk identification* determines what, where, when, why and how risks could arise, and the effect this would have on FCRMB's ability to achieve its objectives. A range of government and industry resources may be employed to assist in the identification of risks. Risks may also be investigated through workshops that engage relevant stakeholders drawn from the public, private or community sectors.
- *Risk analysis* determines the risk level against the risk criteria by understanding how quickly a risk can occur, the sources and cause of a risk, the consequences and likelihood of those consequences. Analysis takes into account the effectiveness of existing controls. Risk evaluation compares the level of risk against the risk criteria and considers the need for treatment. The approach to risk evaluation should follow a typical risk assessment process of applying a consequence and likelihood matrix. Assessing the risks in relation to each other supports prioritisation and highlights differences. Mitigation strategies can be taken into account to derive the residual risk.
- *Risk treatment* involves assessing and selecting one or more options for modifying risks by changing the consequences or likelihood and implementing selected options through a treatment plan.
- *Communication and consultation* takes place throughout the risk management process with all identified stakeholders to ensure those accountable for implementing the risk management process and stakeholders understand the basis on which decisions are made.
- *Monitoring and review* confirms that risk and the effectiveness of control and risk treatments are monitored and reported to ensure that changing context and priorities are managed and emerging risks identified⁴.

⁴ Standards Australia, 'Australian/New Zealand Risk Management Standard: AS/NZS ISO 31000: 2009', pp13 – 21, clause 5.

5. Risk Rating Criteria and Guidelines

Illustrative Likelihood Rating Scale

Likelihood Rating	Descriptor	Definition	Indicative Frequency
5	Almost certain	The consequence is expected to occur on an annual basis	Every year or more frequently
4	Likely	The event has occurred several times or more throughout history of the organization	Every three years
3	Possible	The event might occur once in the organization	Every ten years
2	Unlikely	The event does occur from time to time	Every thirty years
1	Very Unlikely	Heard of something like that occurring elsewhere	Every 100 years

Risk Description

Risk Level	Description
Very High	Requires ongoing executive level oversight. The level of risk warrants that all possible mitigation measures be analysed in order to bring about a reduction in exposure.
High	Action plans and resources required. The level of risk is likely to endanger capability and should be reduced through mitigation strategies where possible.
Medium	This level of risk should not automatically be accepted for risk mitigation but rather a cost-benefit analysis is required to determine if treatment is necessary.
Low	Treatment when resources are available. The risk should be able to be managed via existing controls and normal operating procedures.

Consequence Matrix

Likelihood	5	Medium (5)	High (10)	Very High (15)	Very High (20)	Very High (25)
	4	Low (4)	High (8)	High (12)	Very High (16)	Very High (20)
	3	Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	1	Low (1)	Low (2)	Low (3)	Medium (4)	High (5)
		1	2	3	4	5
Consequence						

Control Effectiveness Rating

Control Rating	Descriptor	Definition
3	High	Control operating effectively, no deficiencies noted
2	Medium	Some deficiencies in the control have been identified however there are compensating controls to cover identified faults
1	Low	Significant control deficiencies have been identified

Authorisations and Document Parameters

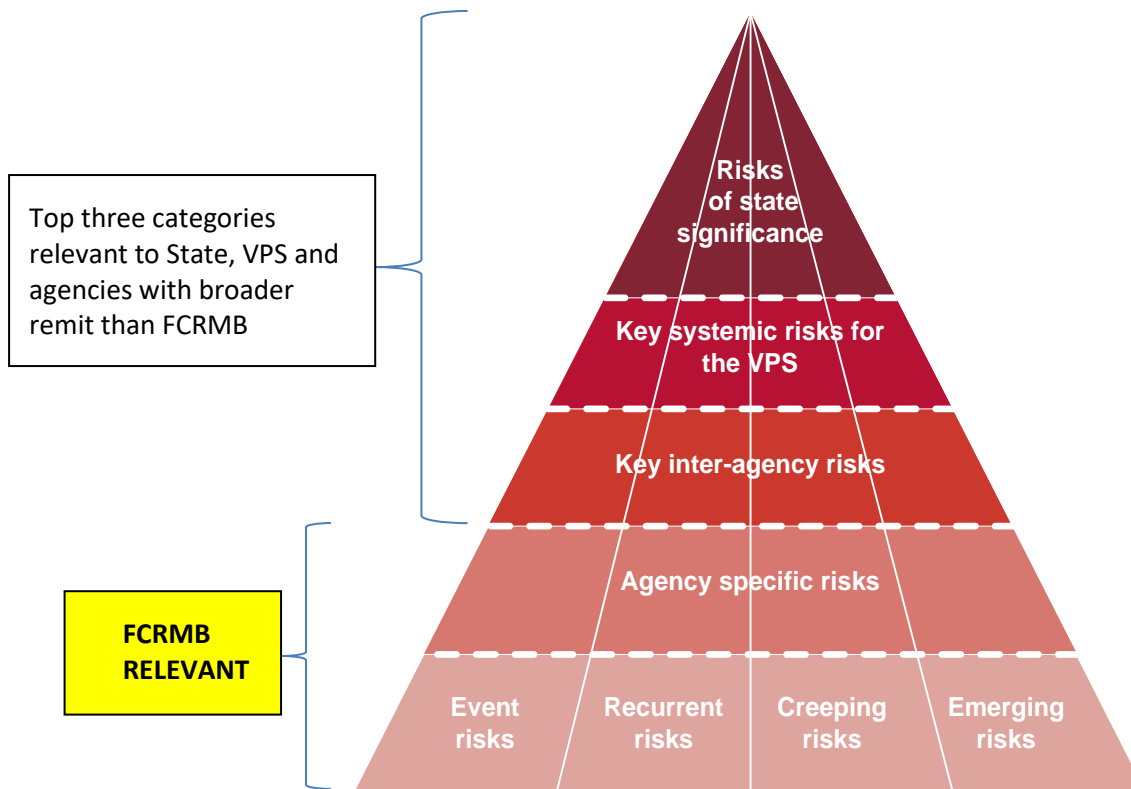
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Appendix 1 – Introduction to risk management

FCRMB has referred to the VMIA website www.vmia.vic.gov.au for advice and support on managing risk, including implementing an effective risk management framework and the effective use of insurance as a risk management tool.

The FCRMB categorisation of risk and approach to risk management (where applicable) and concepts is provided below.

Categories of risks



Risks can involve short and long-term impacts and may have event-based, recurrent, creeping (becomes more serious over time) or emerging features. With an emerging risk we are still developing an understanding of the opportunities or threats, but due to their potential impacts, the risk is monitored and further investigated.

FCRMB specific risks are risks that can be managed entirely within its operations and can generally be well understood and effectively managed with straight forward risk management processes.

Inter-agency risks (inter alia Alpine Resorts) are risks shared by two or more agencies that require coordinated management by more than one agency and may include systemic risks. The responsibility for managing an inter-agency risk is shared by all the relevant agencies and will benefit (ARCC) from a co-ordinated response where one agency takes a lead role.

Systemic risks are risks that have implications for all parts of government operations, requiring a high level of management and coordination between agencies. As with inter-agency and state significant risks agencies are responsible for contributing to the identification and management of systemic risks, as appropriate.

State significant risks are risks where the potential consequences or impacts of the risk on the community, the Government and the private sector are so large as to be of state significance. A state significant risk can be the extension of an existing agency risk which, beyond a certain threshold, becomes severe enough to have state wide implications or it could be the aggregation of many agency specific risks. An agency’s responsibility is to ensure that a state significant risk is considered by decision makers at the appropriate level of government. Agencies are also responsible for contributing to management of the risks identified.

Risk management concepts

The responsibility for managing risk within FCRMB must be clear, and include:

- who is responsible for determining risk appetite and how it is communicated or documented, as appropriate;
- how the responsibility for implementing the FCRMB's risk management framework is allocated; and
- roles and responsibilities for managing individual risks.

Risk appetite supports risk evaluation and defines the amount and type of risk FCRMB is willing to accept in pursuing its objectives. Risk appetite may be expressed in various ways to ensure that it is understood and consistently applied by the organisation.

The **risk profile** for FCRMB is a description of any set of risks. The set of risks can contain those that relate to the whole organisation or part of the organisation.

A positive **risk culture** is one where every person in FCRMB believes that thinking about and managing risk is part of their job.

Risk management needs to be incorporated into **corporate and business planning process**. An effective risk management approach strengthens corporate and business planning by:

- enabling better decision making;
- building organisational confidence in new opportunities through a considered risk approach;
- supporting improved performance outcomes; and
- establishing clear accountabilities.

FCRMB maintains adequate **resources** and capability to ensure that the risk management function operates effectively. This includes:

- the necessary people, skills, experience and competence;
- adequate funding;
- processes, methods and tools for managing risk;
- information and systems;
- staff training and education; and
- risk tools and techniques.

Risk maturity describes risk capability and the level of maturity by which FCRMB operates in terms of its risk processes and procedures. Risk maturity is not a static concept. As the Alpine Resorts and their environments change, risk management also needs to evolve to ensure that it continues to support FCRMB achieving their objectives. FCRMB regularly evaluates processes and procedures and considers developing and implementing strategies designed to improve its risk maturity (or maintain it at the desired level) alongside all other aspects of the organisation.

FCRMB endeavours to undertake a self-assessment of its risk maturity using a combination of the established model - as defined in *AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines* in conjunction with and reference to the VMIA risk management assessment methodology.

Other risk terms

In respect of FCRMB risk policy and procedures, the following provides a broad definition/overview of terms applied (Note: these are not definitions or standards).

Residual risk	The risk remaining after risk treatment; also known as retained risk. Can include unidentified risk.
Risk	The effect of uncertainty on objectives. An effect may be positive or negative. Objectives may be related to aspects such as financial, health and safety or environmental and may apply at strategic, operational project or process related levels.
Risk analysis	Process to understand the nature of the risk and to determine the level of risk.
Risk attitude	The organisation's approach to assess and pursue, retain, take or turn away from risk.
Risk control	Measures taken to modify the risk or reduce an undesired consequence.
Risk criteria	Terms of reference against which the significance of risk is evaluated. Based on organisational objectives and internal and external contexts. Risk criteria can be derived from standards, laws, policies and other requirements.
Risk evaluation	The process of assessing risk analysis results to determine whether the risk and/or its magnitude is acceptable or tolerable. Risk evaluation assists the decision about risk treatment and needs to consider the risk appetite and risk tolerance of the organisation.
Risk event	An occurrence or change of a particular set of circumstances. May have one or more occurrences and can have several causes. An event can consist of something not happening and may also be referred to as an 'incident'.
Risk identification	The process of finding, recognising and describing risks. Involves the identification of risk sources, events and potential consequences. Can involve historical data, theoretical analysis, informed and expert opinions and stakeholder needs.
Risk management	The combination of organisational systems, processes and culture which facilitate the identification, assessment, evaluation and treatment of risk to achieve an appropriate balance between realising opportunities while minimising losses in the pursuit of strategic objectives.
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk profile	A description of any set of risks. The set of risks can contain those that relate to the whole organisation or part of the organisation.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk register	Record of information about identified risks.
Risk strategy	A risk management strategy (may be referred to as the risk plan or risk policy) that outlines and describes the key elements of the risk management framework. It specifies the approach, the management components and resources to be applied to the management of risk.
Risk tolerance	The organisation's readiness to bear the risk after risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Risk treatment	Process to modify risk, may include deciding to take, retain, avoid, remove, change or share the risk. Risk treatments that deal with negative consequence may also be referred to as risk mitigation.

Appendix 2 – Definitions

Agency	Any department or public body as defined in the <i>Financial Management Act 1994</i> .
Accountable Officer	In relation to a department or public body, means the accountable officer for that department or public body as determined under section 42 of the <i>Financial Management Act 1994</i> . For FCARMB, the Accountable Officer is the CEO.
ARCC	Alpine Resorts Co-ordinating Council, as defined under Part 3 the Alpine Resorts (Management) Act, 1997.
Audit Committee	The Standing Directions of the Minister for Finance require that an audit committee be appointed to oversee and advise the department or agency on matters of accountability and internal control. This committee is a subset of the Responsible Body (Board) which has been formulated to deal with issues of a specific nature.
Responsible Body	For FCARMB, the Board is the Responsible Body, being the body with ultimate decision-making authority.